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United States Virgin Islands

Working paper prepared by the Secretariat

Contents

		Page
	The Territory at a glance	3
I.	Constitutional, political and legal issues	4
II.	Budget	6
III.	Economic conditions	6
	A. General	6
	B. Tourism	7
	C. Manufacturing, construction and financial services	7
	D. Trade, transportation and utilities	8
	E. Agriculture and fisheries	8
IV.	Social conditions	9
	A. Labour	9
	B. Education	9
	C. Public health	9

Note: The information contained in the present working paper has been derived from public sources, including those of the territorial Government and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 23 January 2012. Further details are contained in previous working papers, available from http://www.un.org/en/decolonization/workingpapers.shtml.

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D. Crime and crime prevention 10
V. Environmental protection and disaster preparedness 10
VI. Relations with international organizations and partners 11
VII. Future status of the Territory 11
A. Position of the territorial Government 11
B. Position of the administering Power 11
C. Action taken by the General Assembly 12

The Territory at a glance

Territory: The United States Virgin Islands is a Non-Self-Governing Territory under the Charter of the United Nations. As an unincorporated, organized territory of the United States of America, it is administered by the Office of Insular Affairs of the United States Department of the Interior.

Geography: The Territory is located in the eastern part of the Caribbean Sea, 1,075 miles south-east of the south-eastern tip of the United States and 60 miles east of Puerto Rico. It is made up of four main islands: St. Croix, St. John, St. Thomas and Water Island. The capital, Charlotte Amalie, is located on St. Thomas.

Land area: 352 km^2.

Exclusive economic zone: 33,744 km^2.[a]

Population: 106,405 (2010 census).

Languages: English or English Creole (74.70 per cent); Spanish or Spanish Creole (16.78 per cent); French or French Creole (6.57 per cent); and other (1.95 per cent).

Capital: Charlotte Amalie.

Head of territorial Government: Governor John de Jongh.

Territory's Delegate to the United States Congress: Congresswoman Donna Christensen.

Main political parties: Democratic Party; Independent Citizen's Movement; Republican Party.

Elections: Last legislative elections held in November 2010; next elections to be held in 2012 (legislative) and 2014 (Governor).

National legislature: Unicameral (15 senators).

Gross domestic product (GDP) per capita: $39,876.

Eco .omy: Tourism is the primary economic activity, accounting for 80 per cent of GDP and employment. The manufacturing sector consists of petroleum refining, rum distilling, textiles, electronics, pharmaceuticals and watch assembly.

Monetary unit: United States dollar.

Unemployment rate: 9.1 per cent (December 2011 estimate).

Brief history: The Islands were a Danish Territory from 1754 to 1917 (Danish West Indies). On 31 March 1917, the Government of Denmark transferred ownership to the United States. The United States Virgin Islands have since been an organized, unincorporated Territory of the United States.

[a] EEZ data from the "Sea Around Us" project, a collaboration between the University of British Columbia and the Pew Environment Group (www.seaaroundus.org).

I. Constitutional, political and legal issues

1. The United States Virgin Islands is an organized, unincorporated Territory of the United States. Under the Organic Act of the Virgin Islands (1936), its revision in 1954, and subsequent amendments to the Revised Organic Act of 1954, the Territory has a Legislature, also known as the Senate, which is a unicameral body comprising 15 senators elected for a two-year term by popular vote. Executive power is vested in a Governor, who since 1970, has been elected by popular vote for a four-year term on the same ticket as the Lieutenant Governor. The Governor is limited to two consecutive terms, but can be re-elected after one full term out of office. With the advice and consent of the Legislature, the Governor appoints the heads of the executive departments and has the power to approve or veto legislation and issue executive orders

2. In the November 2010 gubernatorial election, John Percy de Jongh of the Democratic Party was re-elected Governor and Gregory Francis was re-elected Lieutenant Governor. Their terms of office will expire in November 2014, when the next elections are due to be held. The Territory elects a delegate to the United States House of Representatives, who is able to vote in committees. Democratic Party candidate Donna M. Christensen won the 2010 election by 71 per cent of the votes and was re-elected to an eighth two-year term as the United States Virgin Islands Delegate to the United States Congress. Craig W. Barshinger remains Senator-at-large, having defeated his two opponents by a wide margin.

3. The Territory's judicial system has a District Court, a Superior Court and a Supreme Court, which became operational in January 2007. The Supreme Court of the Virgin Islands is the appellate court of the Virgin Islands that hears appeals decided by the Islands Superior Court. The establishment of the Supreme Court eliminates federal judicial involvement in purely local legal matters.

4. Since the Organic Act of the Virgin Islands was revised by the United States Government in 1954, there have been four attempts to replace it with a local constitution approved by the people of the Territory, which would organize the internal mechanisms of government. Although the United States Congress authorized the adoption of a local constitution in 1976 under United States Public Law 94-584, none of the four attempts made were successful.

5. As previously reported, on 26 May 2009 the Fifth Constitutional Convention adopted a proposed constitution of the United States Virgin Islands by a two-thirds vote. The text of the proposed constitution was submitted to the Governor on 31 May 2009. In a preamble and 19 articles, the 27-page text of the proposed constitution includes provisions on a bill of rights; principles, branches and subdivisions of government; Virgin Islanders; elections; education; youth; taxation, finance and commerce; economic development; public health, safety and welfare; culture; protection of the environment; referendums and recalls; and creation of a Political Status Advisory Commission.

6. In its article XVII, the proposed constitution states that a Political Status Advisory Commission with a term of office of three years should be created within two years of the adoption of the constitution. Moreover, after a year of public information on the status and federal relations options of (a) statehood, (b) free association and (c) independence, a special election would be held. The special election on status would be reserved for vote by "ancestral native" and "native"

Virgin Islanders, as defined in article III of the proposed constitution, whether residing within or outside the Territory.

7. Article III of the proposed constitution states that an "ancestral native" Virgin Islander is a person or a descendant of a person who was born or lived in the Territory on or before 28 June 1932 and is not a citizen of any other country; a "native" Virgin Islander is a person or descendant born in the Territory after 28 June 1932.

8. Certain provisions of the proposed constitution have been a source of contention. For instance, under article VI, only "ancestral or native" Virgin Islanders are qualified to run for Governor and Lieutenant Governor. Also, under article XI, "ancestral native" Virgin Islanders would not have to pay certain property taxes. Moreover, in a letter made public, the Governor articulated that the most general and generous reading of the draft constitution showed it to be inconsistent with basic tenets of equal protection and fairness.

9. Speaking before the Special Political and Decolonization Committee (Fourth Committee) of the General Assembly on 22 June 2010, Gerard Luz Amwur James II, President of the Fifth Constitutional Convention of the United States Virgin Islands, said that the Governor had initially refused to forward the proposed constitution to the administering Power. However, in December 2009 he complied, following a ruling of the Territory's Superior Court.

10. On 26 February 2010, the President of the United States submitted the proposed constitution to Congress, endorsing the conclusions reached by the Department of Justice that several features of the proposed text warranted analysis and comment, including the absence of an expressed recognition of United States sovereignty and the supremacy of federal law; provisions for a special election on the territorial status of the United States Virgin Islands; and provisions conferring legal advantages on certain groups defined by place and timing of birth, residency or ancestry.

11. According to the statement made by the President of the Fifth Constitutional Convention on 22 June 2010 before the Fourth Committee, in March 2010 a delegation of the Convention, led by him, held consultations with United States congressional officials. The officials expressed a major objection to the provision in the proposed constitution regarding the ownership by the people of the Territory of their marine resources. Another objection related to any meaningful reference to the native population and the provision of certain benefits. As a result, Congress asked the Convention to reconvene in order to consider the administering Power's objections to the proposed constitution.

12. The President of the Convention stressed that there was no provision in the proposed constitution to alter the status of the Territory and that it would not serve as the basis for removing it from the United Nations list of Non-Self-Governing Territories. The proposed constitution contains a relevant provision that would, upon adoption of the text, create a mechanism to examine future options with regard to political status.

II. Budget

13. According to the United States Office of Management and Budget, the 2011 fiscal year ended with a $26.5 million budget deficit. In June 2011, the Fiscal Year 2012 Executive Budget for the Government of the United States Virgin Islands, totalling $731.3 million, was proposed by the Governor to the Legislature. After the United States Senators passed a total general fund appropriation of $719.8 million, the Governor decided not to sign the bill.

14. In June 2011 the Legislature passed the Economic Stability Act, which included provisions seeking to reduce the salaries of all government employees in the executive and legislative branches, institute a hiring and rehiring freeze and provide a $10,000 retirement incentive to employees with over 30 years of service. The Governor signed the bill with some line-item vetoes. The pay cuts will be in place until 2013.

15. The United States federal Government has continued to provide funding for the Territory's budget, inter alia, through the American Recovery and Reinvestment Act stimulus, which awarded $290,490,549 in funding, of which $168,763,429 had been received by 31 December 2011. The United States Department of Education secured more than $90 million through the State Fiscal Stabilization Fund and the Recovery Act. With regard to infrastructure, the United States Department of Commerce was awarded more than $67 million to fund the National Telecommunication and Information Administration, Broadband Technology Opportunities Program.

III. Economic conditions

A. General

16. According to the territorial Government, several factors continue to limit economic growth, including the frailty of the United States economy and the Government's budget deficit. The agricultural sector remains small while the financial services industry is a growing component of the economy. There is a growth potential in the telecommunications sector, which is contingent on improved reliability and connectivity.

17. In June 2011, the United States Bureau of Economic Analysis published the second GDP estimates for the United States Virgin Islands and other United States territories, which covers the period from 2008 to 2009. Since 2009, in a joint effort with the United States Department of the Interior's Office of Insular Affairs, under the Statistical Improvement Program, the Bureau of Economic Analysis has produced these estimates with the aim of providing a comprehensive, objective measure of economic activity for the territories in order to support economic and financial decisions. According to the Bureau, the long-term goal of the joint effort is to integrate the United States Virgin Islands and the other territories into the estimates of national GDP and the national income and product accounts, which are essential in order to better understand the territorial economies.

B. Tourism

18. Tourism, which accounts for 70 per cent of GDP, remains the main sector of the United States Virgin Islands economy. Its importance can be seen both in terms of direct employment and its impact on entrepreneurship and small business development. Approximately 2 million tourists visit the Islands annually, arriving by cruise ship and air. According to the United States Virgin Islands Bureau of Economic Research, the number of visitors arriving by air decreased by 1.8 per cent between 2010 and 2011, totalling 678,961 visitors in December 2011. Passengers arriving on cruise ships increased by 8.1 per cent over the same time period, reaching 2,008,991 visitors in December 2011. Hotel occupancy rates decreased by 6.8 per cent between September 2010 and September 2011. With a view to reinvigorating the tourism industry, the territorial Government has expanded the cruise ship base in St. Thomas and brought cruise ships back to St. Croix on a regular basis. Air service and the capacity of airlines serving the Territory have also been expanded. Plans are under way to invest in hotel developments and increase the participation of private investors.

C. Manufacturing, construction and financial services

19. The manufacturing sector, which is the second largest sector in the economy, is composed primarily of businesses dealing in refined petroleum products, rum, watches, dairy products and jewellery.

20. In January 2011, the Hovensa oil refinery on St. Croix, the second largest refinery in the United States, announced its shutdown. The refinery employs more than 2,500 workers and produces a variety of products refined from crude oil imported, primarily, from the Bolivarian Republic of Venezuela. The refinery, one of the 10 largest in the world, with a crude oil distillation capacity of 545,000 barrels per day, produces gasoline, diesel, home heating oil, jet fuel, kerosene and residual fuel oil, most of which (95 per cent) are exported to the United States. The United States Virgin Islands Department of Labor expects that the closing of the Hovensa plant will directly impact the manufacturing and other service sectors. The Territory's GDP will also be affected, since this industry accounts for more than $1 billion in exported goods.

21. According to information from the United States Virgin Islands Bureau of Economic Research, 30-year agreements have been signed with two private companies to develop rum production and reduce the environmental impact of its production. The Territory's rum industry is making the transition from bulk rum to branded rum. Revenues are projected to generate over $100 million annually from each distillery. In the first quarter of fiscal year 2011, the Territory received 38 per cent more in excise tax revenues on rum compared with the previous period.

22. Also according to data from the United States Virgin Islands Bureau of Economic Research, the total construction permit value, which measures future construction activity, increased between January 2010 and September 2011 by 6.6 per cent for the public construction sector and by 89.7 per cent for the private non-residential sector. It should be noted, however, that the value of private residential construction permits decreased by 20.9 per cent during the same period.

D. Trade, transportation and utilities

23. According to the 2011 United States Virgin Islands Economic Review, the trade, transportation and utilities sector is improving slowly as consumers spend more and job losses have eased.

24. The United States Virgin Islands has approximately 1,250 km of roadways and some 65,000 registered vehicles. The Territory also has one of the best natural deepwater harbours in the Caribbean and it is strategically located along the Anegada Passage, a key route for ships bound for the Panama Canal. The Territory has five major docking facilities, which can accommodate cruise ships and some naval vessels. Three of the docks are on St. Croix, namely South Shore, Gallows Bay and Frederiksted. The other two are on St. Thomas, namely, the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous Government agency, and the Islands-owned West Indian Company.

25. The Virgin Islands Water and Power Authority is an autonomous governmental entity of the territorial Government that produces and distributes electricity and potable water to approximately 54,000 electrical and 12,000 potable water customers. The Territory is implementing a plan to reduce its dependence on fossil fuels by 60 per cent over the next 15 years.

26. Owing to limited freshwater supplies, salt water is used extensively for non-domestic purposes, including firefighting and sewage. A desalination plant on St. Thomas produces approximately 4.5 million gallons of water per day. Wells, particularly on St. Croix, supply the remainder of the freshwater necessary. Owing to the high cost of water, average daily consumption is about 50 gallons per person per day, about one third the United States average.

27. In terms of communications, the Territory has approximately 59,000 telephones, 8,700 Internet hosts (a computer connected directly to the Internet) and a number of radio and television broadcasting stations. In cooperation with the United States Department of Commerce, the Territory is working on a broadband project, expected to be completed by June 2013, with over $115 million in federal, in kind and local cash contributions. The project will create over 300 construction jobs. When completed, over 45 public computer centres will be established or renovated with advanced information technology.

E. Agriculture and fisheries

28. Historically, sugar cane and, to a lesser extent, cotton were the main sources of revenue for the Territory's economy. Currently, the agricultural sector is very small and comprises mainly fruit and vegetable cultivation and cattle-raising.

29. In 2011, the Virgin Islands Department of Agriculture continued its farmer-focused programmes and services and worked to complete and develop new projects. These included the completion of the Bordeaux Farmers Market; the complete installation of water wells (including pumps and distribution lines) in Estates Bordeaux and Dorothea on St. Thomas; and the installation and expansion of new water distribution lines in the Community Gardens in St. Croix.

IV. Social conditions

A. Labour

30. According to data from the United States Virgin Islands Bureau of Economic Research, civilian employment fell by 2.4 per cent between January 2010 and December 2011, for a net loss of 1,151 jobs. Unemployment averaged 9.1 per cent for 2011. The United States Virgin Islands Department of Labor considers that "despite unemployment remaining flat, the Virgin Islands job market still remains (2.6 per cent) below last year's numbers at the end of 2011. Unemployment averaged 9 per cent for 2011 resulting in stagnant job growth. Based on public sector revenue shortfalls and a first round dismissal of public sector workers, job creation and labor pool expansion remain a challenge for both districts". The closure of the Hovensa refinery is expected to have a major impact on the labour situation in the Territory.

B. Education

31. Education in the United States Virgin Islands is compulsory and free for all children between 5 and 16 years of age. The Territory's Department of Education administers approximately 40 schools. The University of the Virgin Islands has campuses on St. Thomas and St. Croix, teaching some 2,500 full and part-time students, with over 300 graduates per year.

C. Public health

32. The Virgin Islands Department of Health maintains facilities on St. Thomas, St. John and St. Croix. The Department also maintains a long-term care facility for the mentally ill on the island of St. Thomas. Department outreach efforts include educational, preventive and treatment services via clinics and subdivisions for maternal and child health, family planning, environmental health, sexually transmitted infections, HIV and tuberculosis, mental health and substance abuse. The Department administers 33 activity centres and 16 federal programmes under the auspices of the Office of the Commissioner and the divisions dealing with fiscal affairs, support services, public health services and health promotion and statistics.

33. In his 2011 State of the Territory address, the Governor noted that the federal health-care reform had provided positive opportunities for the Territory. With $300 million in additional federal funding over the reform period, the United States Virgin Islands would have the historic opportunity to reduce its uninsured population from 28 per cent to a far lower number and to extend coverage to all pregnant women and children living below the poverty level. These reforms would enable the Territory to restructure its health-care delivery system so that the emergency room was not the primary point of access for the uninsured seeking primary care. Unlike in the United States, Medicaid (the federal- and state-funded health-care programme for low-income individuals and families) is not an entitlement programme in the Territory, which means that federal funding is "capped".

34. Priorities and indicators for the maternal, child and adolescent health population were identified following the Territory's Department of Health Needs Assessment for the 2010 to 2015 cycle. In that regard, the 2011 Maternal and Child Health Title V Block Grant application marked the beginning of a new five-year planning and implementation cycle. In accordance with the United States HIV/AIDS Treatment Extension Act signed in 2009, the Territory continued to receive important support for related programmes.

35. The United States Virgin Islands Health Information Exchange Strategic and Operational Plan, issued in January 2011 by the Territory's Department of Health, describes the path the Territory intends to follow to develop the capabilities of the Exchange to enable the meaningful use of electronic health records among providers and health-care providers. The Plan states, inter alia, that because of historical low federal funding for health care in the United States Virgin Islands due to its Territorial status, the Territory's health information technology infrastructure is relatively underdeveloped.

36. In December 2011, the Territory's Department of Health earned a silver award in the crisis and emergency risk communication category for its "fight the bite" dengue fever education campaign, an award established by the National Public Health Information Coalition, an independent organization.

D. Crime and crime prevention

37. In his 2011 State of the Territory address, the Governor said that, with a view to curtailing the violent crimes that continued to plague the community, police officers would be visible, accessible and responsive. The territorial Government would aim to educate parents and children about criminal activity and gang influences and prosecute wrongdoers to the fullest extent. A significant number of homicides and murders are committed by those younger than 24 years old, who are often placed under observation by the Territory's juvenile justice system or law enforcement. In that connection, the importance has been emphasized of ensuring that young people are trained for the jobs that drive the economy, such as technology and health care.

38. The territorial Government made a number of changes of personnel in the Department of Justice in order to improve performance by the Assistant Attorneys General. The Territory's clearance rate in homicide cases is now over 65 per cent, above the national average, and continuing to improve.

V. Environmental protection and disaster preparedness

39. A 2009 bill provided for raising awareness about the use of renewable energy alternatives in both the public and private sectors. In 2010, the United States Virgin Islands received nearly half a million dollars in federal funds to help preserve coral reefs near St. Croix, which, like coral reefs across the Caribbean and elsewhere, face a growing threat of extinction from rising ocean temperatures. The funds were issued by the National Oceanic and Atmospheric Administration of the United States of America.

40. In the area of emergency preparedness, the Territory has continued to enhance its operations with the opening of the new headquarters of the Virgin Islands Territorial Emergency Management Agency. The consolidation of emergency call centre operations at two districts has enhanced organizational efficiency by improving responsiveness to residents at their most critical time of need.

41. In January 2012, the United States Environmental Protection Agency published its twenty-fifth annual report on the amount of toxic chemicals released in 2010 to the land, air and water by industrial facilities in the United States Virgin Islands. In the report of the Environmental Protection Agency, it was stated that the total releases of chemicals in the Territory were higher in 2010 than in 2009. The reason given was the increase in air emissions from the facility of the Virgin Island Water and Power Authority in St. Thomas and an increase in air and water emissions from the Hovensa refinery.

VI. Relations with international organizations and partners

42. The United States Virgin Islands is an associate member of the Economic Commission for Latin America and the Caribbean. The Territory has observer status with the Association of Caribbean States and with the Alliance of Small Island States, which serves as a platform to promote action on environmental issues, including climate change. According to information provided by the administering Power, the United States Virgin Islands received acceptance as a territorial Government with observer status at the Organization of Eastern Caribbean States in the last quarter of 2009.

43. In 2011, the Premier of the British Virgin Islands and the Governor of the United States Virgin Islands participated in the fourth meeting of the Inter-Virgin Islands Council, taking place for the first time at the level of heads of territorial Government. According to official sources, a memorandum of understanding was signed with law enforcement agencies in the area of ballistics. Furthermore, internal reports were received on law enforcement, disaster preparedness, scope for cooperation on inter-island transportation, and fisheries management. Both Territories pledged to continue and strengthen cooperation through the Council. The next meeting is scheduled to be held in the United States Virgin Islands in 2012.

VII. Future status of the Territory

A. Position of the territorial Government

44. Developments regarding discussions on the future status of the United States Virgin Islands are reflected in section I above.

B. Position of the administering Power

45. In a letter dated 2 November 2006 addressed to the American Samoa Delegate to the United States Congress, the Assistant Secretary of State for Legislative Affairs elaborated on the position of the United States Government on the status of American Samoa and other United States Insular Areas, which was considered

equally valid for 2010. In his letter, as previously reported, the Assistant Secretary indicated that the status of the Insular Areas regarding their political relations with the federal Government was an internal United States issue, and not one that came under the purview of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. The Assistant Secretary also noted that the Special Committee had no authority to alter in any way the relationship between the United States and those Territories and no mandate to engage the United States in negotiations on their status. In the letter, it was stated that, at the same time, in accordance with its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to economic, social and educational conditions, the federal Government did submit annual updates on United States Territories to the Special Committee of 24 as a demonstration of United States cooperation as an administering Power and as a corrective to any errors in information that the Special Committee of 24 might have received from other sources.

C. Action taken by the General Assembly

46. On 9 December 2011, the General Assembly adopted, without a vote, resolutions 66/89 A and B, based on the report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples for 2010 (A/65/23). Section XI of resolution 66/89 B concerns the United States Virgin Islands. Under that section's operative paragraphs, the General Assembly:

> 1. *Welcomes* the proposal of a draft constitution emanating from the Territory in 2009, as a result of the work of the United States Virgin Islands fifth Constitutional Convention, for review by the administering Power, and requests the administering Power to assist the territorial Government in achieving its political, economic and social goals, in particular the successful conclusion of the ongoing internal Constitutional Convention exercise;
>
> 2. *Requests* the administering Power to facilitate the process for approval of the proposed territorial constitution in the United States Congress and its implementation once agreed upon in the Territory;
>
> 3. *Also requests* the administering Power to assist the Territory by facilitating its work concerning a public education programme, consistent with Article 73 *b* of the Charter of the United Nations, and, in this regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;
>
> 4. *Reiterates its call* for the inclusion of the Territory in regional programmes of the United Nations Development Programme, consistent with the participation of other Non-Self-Governing Territories.